



DUKE ENERGY CORPORATION  
139 East Fourth Street  
P.O. Box 960  
Cincinnati, OH 45201-0960

May 11, 2006

RECEIVED

MAY 11 2006

PUBLIC SERVICE  
COMMISSION

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

Dear Ms. O'Donnell:

*Case No. 2006-00196*

Enclosed for filing are an original and four (4) conformed copies of Duke Energy Kentucky's ("Duke") "Monthly Report of Gas Cost Calculations and Tariff Schedules," for the month commencing with the June 2006 revenue month in accordance with KPSC order dated November 6, 2003 in Case No. 2003-00386. This filing is based on supplier tariff rates expected to be in effect on May 31, 2006 and the NYMEX on May 9, 2006 for the month of June 2006.

The above described schedules and GCA are effective with the final meter readings of District 1, June 2006, revenue month (i.e., final meter readings on and after May 31, 2006).

Duke's proposed GCA is \$9.528 per Mcf. This rate represents a decrease of \$0.142 per Mcf from the rate currently in effect for May 2006.

Please stamp "FILED" on the additional enclosed copy and return for our file. Thank you.

Very truly yours,

Robert P. Butts, Jr.

RPB:pas

Enclosure



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A handwritten signature in cursive script, appearing to read 'Robert P. Butts, Jr.'.

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Enclosure

bcc: A. Hartkemeyer  
F.U. 06-08-06

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**DUKE ENERGY KENTUCKY  
GAS COST ADJUSTMENT CLAUSE**

**QUARTERLY REPORT**

GAS COST RECOVERY RATES EFFECTIVE FROM MAY 31, 2006 THROUGH JUNE 28, 2006

DESCRIPTION	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	9.142
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.004)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.367
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.023</u>
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>9.528</u>

**EXPECTED GAS COST CALCULATION**

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	9.142

**SUPPLIER REFUND ADJUSTMENT CALCULATION**

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER SUPPLIER REFUND ADJ.	\$/MCF	0.000
PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	0.000
SECOND PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	0.000
THIRD PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ.	\$/MCF	<u>(0.004)</u>
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	(0.004)

**ACTUAL ADJUSTMENT CALCULATION**

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER ACTUAL ADJUSTMENT	\$/MCF	(0.073)
PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.873
SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.013)
THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT	\$/MCF	<u>(0.420)</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.367

**BALANCE ADJUSTMENT CALCULATION**

DESCRIPTION	UNIT	AMOUNT
CURRENT QUARTER BALANCE ADJUSTMENT	\$/MCF	0.040
PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.004)
SECOND PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	(0.023)
THIRD PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT	\$/MCF	<u>0.010</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	0.023

THIS QUARTERLY REPORT FILED PURSUANT TO ORDER NO. 8373 OF THE KENTUCKY PUBLIC SERVICE COMMISSION DATED APRIL 16, 1982.

DATE FILED: May 11, 2006

BY: PAUL G. SMITH

TITLE: VICE-PRESIDENT, RATES

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY  
EXPECTED GAS COST RATE CALCULATION (EGC)**

**"SUMMARY" FOR THE EGC RATE IN EFFECT AS OF MAY 31, 2006**

		\$
<b><u>DEMAND (FIXED) COSTS:</u></b>		
Columbia Gas Transmission Corp.		2,600,057
Tennessee Gas Pipeline		1,122,074
Columbia Gulf Transmission Corp.		1,279,391
K O Transmission Company		307,584
Gas Marketers		381,915
TOTAL DEMAND COST:		5,691,021
PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES:	11,752,201 MCF	
DEMAND (FIXED) COMPONENT OF EGC RATE:	\$5,691,021 / 11,752,201 MCF	<b>\$0.484 /MCF</b>
 <b><u>COMMODITY COSTS:</u></b>		
Gas Marketers		\$8.658 /MCF
Gas Storage		
Columbia Gas Transmission		\$0.000 /MCF
Propane		\$0.000 /MCF
COMMODITY COMPONENT OF EGC RATE:		<b>\$8.658 /MCF</b>
TOTAL EXPECTED GAS COST:		<b>\$9.142 /MCF</b>

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

**DETAILS FOR THE EGC RATE IN EFFECT AS OF : MAY 31, 2006**

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
<b>INTERSTATE PIPELINE : COLUMBIA GAS TRANSMISSION CORP.</b>				
TARIFF RATE EFFECTIVE DATE : FSS: 2/1/2006				
SST: 4/1/2006				
<b><u>BILLING DEMAND - TARIFF RATE - FSS</u></b>				
Max. Daily Withdrawl Quan.	1.5000	39,656	12	713,808
Seasonal Contract Quantity	0.0288	1,365,276	12	471,839
<b><u>BILLING DEMAND - TARIFF RATE - SST</u></b>				
Maximum Daily Quantity	3.9630	39,656	6	942,940
Maximum Daily Quantity	3.9630	19,828	6	471,470
CAPACITY RELEASE CREDIT				0
<b>TOTAL COLUMBIA GAS TRANSMISSION CORP. DEMAND CHARGES</b>				<b>2,600,057</b>

**INTERSTATE PIPELINE : TENNESSEE GAS PIPELINE**  
TARIFF RATE EFFECTIVE DATE : NOT APPLICABLE

<b><u>BILLING DEMAND - TARIFF RATE - FT</u></b>				
Max. Daily Quantity Zone 1-2	3.9371	47,500	6	1,122,074
CAPACITY RELEASE CREDIT				0
<b>TOTAL TENNESSEE GAS PIPELINE DEMAND CHARGES</b>				<b>1,122,074</b>

Currently Effective Rates  
 Applicable to Rate Schedule FSS, ISS, and SIT  
 Rate Per Dth

	Base Tariff Rate 1/	Transportation Cost Rate Adjustment		Electric Power Costs Adjustment		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
		Current	Surcharge	Current	Surcharge			
Rate Schedule <u>FSS</u>								
Reservation Charge	\$ 1.500	-	-	-	-	-	<u>1.500</u>	0.049
Capacity	¢ 2.88	-	-	-	-	-	<u>2.88</u>	2.88
Injection	¢ 1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢ 1.53	-	-	-	-	-	1.53	1.53
Overrun	¢ 10.87	-	-	-	-	-	10.87	10.87
Rate Schedule ISS								
Commodity								
Maximum	¢ 5.92	-	-	-	-	-	5.92	5.92
Minimum	¢ 0.00	-	-	-	-	-	0.00	0.00
Injection	¢ 1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢ 1.53	-	-	-	-	-	1.53	1.53
Rate Schedule SIT								
Commodity								
Maximum	¢ 4.11	-	-	-	-	-	4.11	4.11
Minimum	¢ 1.53	-	-	-	-	-	1.53	1.53

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.

2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

Currently Effective Rates  
 Applicable to Rate Schedule SST and GTS  
 Rate Per Dth

Rate Schedule	Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Surcharge	Electric Power Costs Adjustment Current	Electric Power Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule SST	\$ 5.405	0.354	-0.017	0.029	0.000	-	5.771	0.190
Commodity								
Reservation Charge 3/								
Maximum	¢ 1.02	0.25	0.00	0.26	0.01	0.18	1.72	1.72
Minimum	¢ 1.02	0.25	0.00	0.26	0.01	0.18	1.72	1.72
Overrun	¢ 18.79	1.41	-0.06	0.36	0.01	0.18	20.69	20.69
Rate Schedule GTS								
Commodity								
Maximum	¢ 74.23	2.58	-0.11	0.45	0.01	0.18	77.34	77.34
Minimum	¢ 3.08	0.25	-0.11	0.26	0.01	0.18	3.67	3.67
MFCC	¢ 71.15	2.33	0.00	0.19	0.00	-	73.67	73.67

DISCOUNTED TO 3.963

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.  
 2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.  
 3/ Minimum reservation charge is \$0.00.

July 22, 2004

Union Light, Heat & Power Company  
139 East Fourth Street, EM025  
P.O. Box 960  
Cincinnati, OH 45202

Attention: Mr. Jim Henning

RE: Firm Transportation Discount  
Tennessee FT-A Service Package No. 46876  
Open Season # 443

Dear Jim:

In response to the request of Union Light, Heat & Power Company ("ULH&P"), and pursuant to Section 5.1 of Tennessee Gas Pipeline Company's (Tennessee) FT-A Rate Schedule, Tennessee hereby agrees to adjust its then applicable FT-A Transportation rate for FT-A service provided under the above referenced contract as follows:

1. a) If ULH&P, its assignee(s) or its agent(s) (hereinafter collectively referred to as "ULH&P") violates the terms of this agreement or the terms of the above-referenced service package, Tennessee shall have the right, in its sole discretion, to immediately terminate this discount agreement and/or assess, from the date of the violation, the maximum Tennessee monthly reservation rate for the entire contract quantity and the maximum daily commodity rates on all transactions occurring under this agreement.
- b) For the period commencing November 1, 2004, and extending through April 30, 2005, for gas delivered by Tennessee on behalf of ULH&P to TCO North Means (Meter # 020049) under the above referenced service package, the applicable FT-A rates for volumes received by Tennessee from any Zone 1 100 leg or Zone L or 1 500 leg receipt point, will be the lesser of:
  - i) A monthly reservation rate of \$ 4.10 per Dth and a daily commodity rate of Tennessee's maximum daily commodity rate. These rates are inclusive of surcharges.

or

  - ii) Tennessee's maximum monthly FT-A reservation and maximum daily commodity rates.

In addition, ULH&P will pay applicable fuel and lost and unaccounted for charges.

- c) For the period commencing May 1, 2005, and extending through September 30, 2005, for gas delivered by Tennessee on behalf of ULH&P to TCO North Means (Meter # 020049) under the above referenced service package, the applicable FT-A rates for volumes received by Tennessee from any Zone 1 100 leg or Zone L or 1 500 leg receipt point, will be the lesser of:
  - i) A monthly reservation rate of \$ 0.0000 per Dth and a daily commodity rate of Tennessee's maximum daily commodity rate. These rates are inclusive of surcharges.

or

  - ii) Tennessee's maximum monthly FT-A reservation and maximum daily commodity rates.

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

**DETAILS FOR THE EGC RATE IN EFFECT AS OF : MAY 31, 2006**

	RATE (\$ DTH)	CONTRACT VOLUME (DTH)	NUMBER OF DAYS/MTHS	EXPECTED GAS COST (\$)
<b>INTERSTATE PIPELINE : COLUMBIA GULF TRANSMISSION CORP.</b>				
TARIFF RATE EFFECTIVE DATE : FTS-1: 4/1/2006				
FTS-2: 4/1/2006				
<b><u>BILLING DEMAND - TARIFF RATE - FTS-1</u></b>				
Maximum Daily Quantity	3.1450	22,500	5	353,813
Maximum Daily Quantity	3.1450	22,782	5	358,247
Maximum Daily Quantity	3.1450	17,598	7	387,420
<b><u>BILLING DEMAND - TARIFF RATE - FTS-2</u></b>				
Maximum Daily Quantity	0.9995	15,000	5	74,963
Maximum Daily Quantity	0.9995	15,000	7	104,948
CAPACITY RELEASE CREDIT FOR FTS-1				0
CAPACITY RELEASE CREDIT FOR FTS-2				0
<b>TOTAL COLUMBIA GULF TRANSMISSION CORP. DEMAND CHARGES</b>				<b>1,279,391</b>
<b>INTERSTATE PIPELINE : KO TRANSMISSION COMPANY</b>				
TARIFF RATE EFFECTIVE DATE : 4/1/2006				
<b><u>BILLING DEMAND - TARIFF RATE - FT</u></b>				
Maximum Daily Quantity	0.3560	72,000	12	307,584
CAPACITY RELEASE CREDIT				0
<b>TOTAL KO TRANSMISSION CO. DEMAND CHARGES</b>				<b>307,584</b>
<b>VARIOUS GAS MARKETERS FIXED (RESERVATION) CHARGES :</b>				
November - March	0.022	7,621,216		167,310
December - February	0.4183	513,000		214,605
<b>TOTAL GAS MARKETERS FIXED CHARGES</b>				<b>381,915</b>

Currently Effective Rates  
 Applicable to Rate Schedule FTS-1  
 Rates per Dth

	Base Rate (1) \$	Annual Charge Adjustment (2) \$	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Company Use and Unaccounted For (6) %
		1/				
Rate Schedule (FTS-1)	3.1450		3.1450	3.1450	0.1034	
Rayne, LA To Points North	0.0170	0.0018	0.0188	0.0188	0.0188	2.265
Reservation Charge 2/	0.0170	0.0018	0.0188	0.0188	0.0188	2.265
Commodity	0.1204	0.0018	0.1222	0.1222	0.1222	2.265
Maximum						
Minimum						
Overrun						

1/ Pursuant to Section 154.402 of the Commission's Regulations, Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

Currently Effective Rates  
 Applicable to Rate Schedule FTS-2  
 Rates per Dth

	Base Rate (1) \$	Annual Charge Adjustment (2) \$ 1/	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Company Use and Unaccounted For (6) %
<u>Rate Schedule FTS-2</u> Offshore Laterals Reservation Charge 2/	2.6700		2.6700	2.6700	0.0878	
Commodity						
Maximum	0.0002	0.0018	0.0020	0.0020	0.0020	0.341
Minimum	0.0002	0.0018	0.0020	0.0020	0.0020	0.341
Overrun	0.0880	0.0018	0.0898	0.0898	0.0898	0.341
<u>Onshore Laterals</u> Reservation Charge 2/	1.0603		<u>1.0603</u>	1.0603	0.0349	
Commodity						
Maximum	0.0017	0.0018	0.0035	0.0035	0.0035	0.571
Minimum	0.0017	0.0018	0.0035	0.0035	0.0035	0.571
Overrun	0.0366	0.0018	0.0384	0.0384	0.0384	0.571
<u>Offsystem-Onshore</u> Reservation Charge 2/	2.5255		2.5255	2.5255	0.0830	
Commodity						
Maximum	0.0070	0.0018	0.0088	0.0088	0.0088	
Minimum	0.0070	0.0018	0.0088	0.0088	0.0088	
Overrun	0.0900	0.0018	0.0918	0.0918	0.0918	

DISCOUNTED TO 0.9995

1/ Pursuant to Section 154.402 of the Commission's Regulations. Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

**CURRENTLY EFFECTIVE RATES  
 APPLICABLE TO RATE SCHEDULES FTS AND ITS**

**RATE LEVELS - RATE PER DTH**

	Base Tariff Rate	Annual Charge Adjustment 1/	Total Effective Rate
<b>RATE SCHEDULE FTS</b>			
Reservation Charge 2/			
Maximum 1	\$0.3560	--	\$0.3560
Maximum 2	\$0.3560	--	\$0.3560
Daily Rate - Maximum 1	\$0.0117	--	\$0.0117
Daily Rate - Maximum 2	\$0.0117	--	\$0.0117
Commodity			
Maximum	\$0.0000	\$0.0018	\$0.0018
Minimum	\$0.0000	\$0.0018	\$0.0018
Overrun	\$0.0117	\$0.0018	\$0.0135

**RATE SCHEDULE ITS**

Commodity			
Maximum	\$0.0117	\$0.0018	\$0.0135
Minimum	\$0.0000	\$0.0018	\$0.0018

1/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's regulations and will be charged pursuant to Section 23 of the General Terms and Conditions at such time that initial and successive annual ACA assessments applicable to Transporter are made.

2/ Minimum reservation charge is \$0.00.

Transportation Retainage Adjustment 0.51%

NOTE: Utilizing GISB standards 5.3.22 and 5.3.23, Transporter's Rate Schedule FTS Reservation Charge can be converted to an applicable daily rate by dividing the above monthly rate by 30.4 days.



5/10/2006

**THE UNION LIGHT, HEAT & POWER COMPANY  
TOTAL RESERVATION COSTS FROM NEEDLE PEAKING SUPPLIERS  
ESTIMATED FOR EGC EFFECTIVE 6/1/2006**

**TOTAL ANNUAL RESERVATION COST:**

TOTAL DOLLARS \$ 214,605 (1)

**TOTAL ANNUAL COVERAGE:**

CITY GATE VOLUMES 513,000 DTH (2)

**CALCULATED RATE:** \$ 0.4183 PER DTH

- (1) Reservation charges billed by needle peaking suppliers for 2005 - 2006.
- (2) Contracted volumes for the 2005 - 2006 winter season.

**GAS COST ADJUSTMENT  
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : MAY 31, 2006

**GAS COMMODITY RATE FOR JUNE, 2006:**

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$8.2182	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.800%	\$0.1479	\$8.3661	\$/Dth
DTH TO MCF CONVERSION	1.0349	\$0.2920	\$8.6581	\$/Mcf
ESTIMATED WEIGHTING FACTOR	1.0000		\$8.6581	\$/Mcf
<b>GAS MARKETERS COMMODITY RATE</b>			<b>\$8.658</b>	<b>\$/Mcf</b>

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$7.6727	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$7.6880	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.083%	\$0.1601	\$7.8481	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0154	\$7.8635	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0135	\$7.8770	\$/Dth
DUKE ENERGY KENTUCKY FUEL	1.800%	\$0.1418	\$8.0188	\$/Dth
DTH TO MCF CONVERSION	1.0349	\$0.2799	\$8.2987	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
<b>GAS STORAGE COMMODITY RATE - COLUMBIA GAS</b>			<b>\$0.000</b>	<b>\$/Mcf</b>

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.34268	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$4.7427	\$5.0854	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
<b>PROPANE COMMODITY RATE</b>			<b>\$0.000</b>	<b>\$/Mcf</b>

(1) Weighted average cost of gas based on NYMEX prices on 5/9/06 and contracted hedging prices.

**GAS COST ADJUSTMENT CLAUSE  
DUKE ENERGY KENTUCKY  
SUPPLIER REFUND ADJUSTMENT  
DETAILS FOR THE THREE MONTH PERIOD ENDED**

FEBRUARY 28, 2006

DESCRIPTION	UNIT	AMOUNT
SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD DECEMBER 1, 2005 THROUGH FEBRUARY 28, 2006	\$	0.00
INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE)		1.0188
REFUNDS INCLUDING INTEREST ( \$0.00 x 1.0188 )	\$	0.00
DIVIDED BY 12 MONTH PROJECTED SALES ENDED MAY 31, 2007	MCF	11,774,216
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>0.000</u>

**DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED**

FEBRUARY 28, 2006

DESCRIPTION	UNIT	AMOUNT
<u>SUPPLIER</u> There were no refunds received during the quarter ending February 28, 2006.	\$	-
TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA RAU	\$	<u>0.00</u>

**GAS COST ADJUSTMENT CLAUSE  
DUKE ENERGY KENTUCKY  
ACTUAL ADJUSTMENT**

DETAILS FOR THE THREE MONTH PERIOD ENDED

FEBRUARY 28, 2006

DESCRIPTION	UNIT	DECEMBER	JANUARY	FEBRUARY
<b><u>SUPPLY VOLUME PER BOOKS</u></b>				
PRIMARY GAS SUPPLIERS	MCF	2,089,998	1,467,780	1,676,623
UTILITY PRODUCTION	MCF	0	0	0
INCLUDABLE PROPANE	MCF	799	45	1,719
OTHER VOLUMES (SPECIFY) ADJUSTMENT	MCF	(9,614)	7,123	(13,506)
<b>TOTAL SUPPLY VOLUMES</b>	<b>MCF</b>	<b>2,081,183</b>	<b>1,474,948</b>	<b>1,664,836</b>
<b><u>SUPPLY COST PER BOOKS</u></b>				
PRIMARY GAS SUPPLIERS	\$	26,537,642	16,872,761	15,392,763
SPECIAL PURCHASES CREDIT	\$	0	0	0
INCLUDABLE PROPANE	\$	3,209	193	6,402
OTHER COSTS (SPECIFY):				
CMT MANAGEMENT FEE	\$	(20,483)	(20,483)	(20,483)
X-5 TARIFF	\$	0	0	0
TRANSPORTATION SERVICE "UNACCOUNTED FOR"	\$	0	0	0
GAS COST CREDIT	\$	0	0	0
LOSSES - DAMAGED LINES	\$	(7,780)	0	0
TRANSPORTATION TAKE-OR-PAY RECOVERY	\$	0	0	0
SALES TO REMARKETERS	\$	0	0	0
<b>TOTAL SUPPLY COSTS</b>	<b>\$</b>	<b>26,512,588</b>	<b>16,852,471</b>	<b>15,378,682</b>
<b><u>SALES VOLUMES</u></b>				
JURISDICTIONAL	MCF	1,744,147.0	1,826,255.8	1,562,260.9
NON-JURISDICTIONAL	MCF	0	0	0
OTHER VOLUMES (SPECIFY):	MCF	0	0	0
<b>TOTAL SALES VOLUMES</b>	<b>MCF</b>	<b>1,744,147.0</b>	<b>1,826,255.8</b>	<b>1,562,260.9</b>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	15.201	9.228	9.844
LESS: EGC IN EFFECT FOR THE MONTH	\$/MCF	12.207	12.123	10.353
<b>DIFFERENCE</b>	<b>\$/MCF</b>	<b>2.994</b>	<b>(2.895)</b>	<b>(0.509)</b>
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	1,744,147.0	1,826,255.8	1,562,260.9
<b>EQUALS MONTHLY COST DIFFERENCE</b>	<b>\$</b>	<b>5,221,976.12</b>	<b>(5,287,010.54)</b>	<b>(795,190.80)</b>
<b>NET COST DIFFERENCE FOR THE THREE MONTH PERIOD</b>	<b>\$</b>			<b>(860,225.22)</b>
<b>TOTAL COST USED IN THE CURRENT AA CALCULATION</b>	<b>\$</b>			<b>(860,225.22)</b>
DIVIDED BY: 12 MONTH PROJECTED SALES ENDED <u>MAY 31, 2007</u>	MCF			11,774,216
<b>EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT</b>	<b>\$/MCF</b>			<b>(0.073)</b>

AAU

**GAS COST ADJUSTMENT CLAUSE  
DUKE ENERGY KENTUCKY  
BALANCE ADJUSTMENT  
DETAILS FOR THE TWELVE MONTH PERIOD ENDED FEBRUARY 28, 2006**

DESCRIPTION	UNIT	AMOUNT
-------------	------	--------

**RECONCILIATION OF A PREVIOUS GAS COST VARIANCE**

GAS COST DIFFERENCE TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "AA" EFFECTIVE	MARCH 1,	2005	\$	4,142,230.00
LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$		<u>0.362</u>	/MCF	
APPLIED TO TOTAL SALES OF		<u>10,132,095</u>	MCF	
(TWELVE MONTHS ENDED	FEBRUARY 28,	2006	)	\$ <u>3,667,818.37</u>
BALANCE ADJUSTMENT FOR THE "AA"			\$	<u>474,411.63</u>

**RECONCILIATION OF A PREVIOUS SUPPLIER REFUND**

SUPPLIER REFUND AMOUNT TO BE DISTRIBUTED TO CUSTOMERS WHICH WAS USED TO COMPUTE THE "RA" EFFECTIVE	MARCH 1,	2005	\$	(901.82)
LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$		<u>0.000</u>	/MCF	
APPLIED TO TOTAL SALES OF		<u>10,132,095</u>	MCF	
(TWELVE MONTHS ENDED	FEBRUARY 28,	2006	)	\$ <u>0.00</u>
BALANCE ADJUSTMENT FOR THE "RA"				<u>(901.82)</u>

**RECONCILIATION OF A PREVIOUS BALANCE ADJUSTMENT**

AMOUNT TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "BA" EFFECTIVE	MARCH 1,	2005	\$	(40,502.18)
LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$		<u>(0.004)</u>	/MCF	
APPLIED TO TOTAL SALES OF		<u>10,132,095</u>	MCF	
(TWELVE MONTHS ENDED	FEBRUARY 28,	2006	)	\$ <u>(40,528.34)</u>
BALANCE ADJUSTMENT FOR THE "BA"			\$	<u>26.16</u>
TOTAL BALANCE ADJUSTMENT AMOUNT			\$	<u>473,535.97</u>
DIVIDED BY: TWELVE MONTHS SALES ENDED	MAY 31,	2007	MCF	<u>11,774,216</u>
EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT			\$/MCF	<u>0.040</u>

BAU

## Revised Tariff Schedules

**INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED**

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Issued by authority of an Order of the Kentucky Public Service Commission in Case No. \_\_\_\_\_

Issued:

Effective: May 31, 2006

Issued by Sandra P. Meyer, President

**INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED (Contd.)**

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**RATE RS**

**RESIDENTIAL SERVICE**

**APPLICABILITY**

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for all domestic purposes in private residences, single occupancy apartments, and common use areas of multi-occupancy buildings, when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

**NET MONTHLY BILL**

The Net Monthly Bill is determined as follows:  
All gas is billed in units of 100 cubic feet (CCF).

Customer Charge per month: \$12.10  
Plus the applicable charge per month as set forth on Sheet No. 63,  
Rider AMRP, Accelerated Main Replacement Program

	<u>Delivery</u> <u>Rate</u>		<u>Gas Cost</u> <u>Adjustment</u>		<u>Total Rate</u>	
Plus a commodity Charge for all CCF at	\$0.26687	plus	\$0.91420	Equals	\$1.18107	(R)

Plus, all delivered gas shall be subject to an adjustment per CCF as set forth on:  
Sheet No. 62, Rider DSMR, Demand Side Management Rate. In addition, the EAP charge shown on  
Rider DSMR shall be added to the monthly Customer Charge shown above.

The "Customer Charge" shown above plus Rider AMRP shall be the minimum amount billed each  
month.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in  
accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks,  
minimum or other charges, will be billed in accordance with the number of billing months in the meter  
reading interval.

**LATE PAYMENT CHARGE**

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days  
from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is  
the Net Monthly Bill plus 5%, is due and payable.

**SERVICE REGULATIONS**

The supplying of, and billing for, service and all conditions applying thereto, are subject to the  
jurisdiction of the Kentucky Public Service Commission and to Company's Service Regulations  
currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission, dated \_\_\_\_\_ in  
Case No. \_\_\_\_\_.

Issued:

Issued by Sandra P. Meyer, President

Effective: May 31, 2006

**RATE GS**

**GENERAL SERVICE**

**APPLICABILITY**

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for any purpose by an individual non-residential customer at one location when supplied at one point of delivery where distribution mains are adjacent to the premises to be served. This schedule is also applicable to non-metered natural gas commodity supplies and local delivery service for street lighting to such entities as certificated homeowners associations, businesses, and federal, state, and local governments. The Company may decline requests for service under this tariff due to gas supply limitations.

**NET MONTHLY BILL**

The Net Monthly Bill is determined as follows:  
All gas is billed in units of 100 cubic feet (CCF)

Customer Charge per month: \$30.00  
Plus the applicable charge per month as set forth on Sheet No. 63,  
Rider AMRP, Accelerated Main Replacement Program

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a Commodity Charge for all CCF at	\$0.20949	Plus	\$0.91420	Equals	\$1.12369	(R)

Plus all delivered gas shall be subject to an adjustment per CCF as set forth on:  
Sheet No. 62, Rider DSMR, Demand Side Management Rate for non-residential service

The "Customer Charge" shown above plus Rider AMRP shall be the minimum amount billed per month.

The "Gas Cost Adjustment," as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum bills or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

**LATE PAYMENT CHARGE**

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

**TERM OF SERVICE**

One year, terminable thereafter on ten (10) days written notice by either customer or Company.

**SERVICE REGULATIONS**

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated \_\_\_\_\_ in Case No.

Issued:

Issued by Sandra P. Meyer, President

Effective: May 31, 2006

Duke Energy Kentucky  
1697-A Monmouth Street  
Newport, Kentucky 41071

KY.P.S.C. Gas No. 1  
First Revised Sheet No. 77  
Cancelling and Superseding  
Original Sheet No. 77  
Page 1 of 1

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**RIDER GCAT**

**GAS COST ADJUSTMENT TRANSITION RIDER**

**APPLICABILITY**

Applicable to all customers served under Rate FT-L after the effective date of this tariff who paid gas supply costs through the Company's Gas Cost Adjustment (GCA) mechanism during the twelve month period immediately preceding the date on which the customer began receiving service under Rate FT-L.

**GCA TRANSITION RIDER**

A charge or credit shall be applied to all volumes transported pursuant to Rate FT-L in order to pass through to former GCA customers the Company's quarterly Actual Adjustment (AA), Balance Adjustment (BA), and Supplier Refund and Reconciliation Adjustment (RA) costs or credits during the first twelve months that the former sales customer participates in the Company's firm transportation program.

The amount of this charge or (credit) shall be \$0.03860 per 100 cubic feet. This rate shall be in effect during the month of June 2006 through August 2006 and shall be updated quarterly, concurrent with the Company's GCA filings.

(R)

Issued by authority of an Order of the Kentucky Public Service Commission dated \_\_\_\_\_ in Case No. \_\_\_\_\_

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Issued:

Effective: May 31, 2006

Issued by Sandra P. Meyer, President

THE UNION LIGHT, HEAT AND POWER COMPANY  
SUPPLEMENTAL INFORMATION  
FOR THE EXPECTED GAS COST (EGC) RATE CALCULATION  
OF THE GAS COST RECOVERY RATE  
IN EFFECT AS OF MAY 31, 2006

2ND QUARTER INT

**DUKE ENERGY KENTUCKY  
USED FOR GCA EFFECTIVE MAY 31, 2006  
COMPUTATION OF THE INTEREST FACTOR  
FOR THE GCA CALCULATION ON SCHEDULE II**

**TWELVE MONTHS ENDED MARCH 31, 2006  
BLOOMBERG REPORT (90-DAY COMMERCIAL PAPER RATES)**

INTEREST RATE	0.0346
PAYMENT	0.084903
ANNUAL TOTAL	1.0188
MONTHLY INTEREST	0.002883
AMOUNT	1

MARCH	2005	2.93	
APRIL	2005	3.07	
MAY	2005	3.15	
JUNE	2005	3.37	
JULY	2005	3.55	
AUGUST	2005	3.72	
SEPTEMBER	2005	3.88	
OCTOBER	2005	4.12	
NOVEMBER	2005	4.27	
DECEMBER	2005	4.38	
JANUARY	2006	4.54	
FEBRUARY	2006	4.66	45.64
MARCH	2006	4.83	47.54

PRIOR ANNUAL TOTAL	45.64
PLUS CURRENT MONTHLY RATE	4.83
LESS YEAR AGO RATE	2.93
NEW ANNUAL TOTAL	47.54
AVERAGE ANNUAL RATE	3.96
LESS 0.5% (ADMINISTRATIVE)	3.46

**THE UNION LIGHT, HEAT AND POWER COMPANY**  
**DETERMINATION OF TOTAL SUPPLY COST**  
**MONTH OF DECEMBER, 2005**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	26,732,976.88	
adjustments	(110,178.72)	
IT monthly charges entered by Gas Supply	<u>(85,156.59)</u>	26,537,642
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	<u>0.00</u>	0
 <u>PLUS: INCLUDABLE PROPANE</u>		
a/c 728-3 Erlanger	3,208.86	3,209
 <u>LESS: X-5 TARIFF</u>	0.00	0
 <u>LESS CMT MANAGEMENT FEE</u>	20,483.00	(20,483)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	7,779.57	(7,780)
 <u>LESS: GAS SOLD TO REMARKETERS</u>	0.00	
adjustments	<u>0.00</u>	0
 <u>LESS: GAS COST CREDIT</u>	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	<u>0.00</u>	0
 TOTAL SUPPLY COSTS		 <u><u>26,512,588</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLYAMOUNT

ACCOUNT 191-40  
ACCOUNT 805-10

5,221,976.12  
(5,221,976.12)

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: THE UNION LIGHT, HEAT AND POWER COMPANY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

DECEMBER, 2005

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH DECEMBER, 2005</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	2,089,998
Utility Production	MCF	0
Includable Propane	MCF	799
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(9,614)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>2,081,183</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	26,537,642
Includable Propane	\$	3,209
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(20,483)
- Losses-Damaged Lines	\$	(7,780)
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>26,512,588</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	1,744,147.0
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>1,744,147.0</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	15.201
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>12.207</u>
DIFFERENCE	\$/MCF	2.994
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>1,744,147.0</u>
MONTHLY COST DIFFERENCE	\$	<u><u>5,221,976.12</u></u>

## THE UNION LIGHT, HEAT AND POWER COMPANY

DECEMBER, 2005

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	1,744,147.0	21,290,631.62	12.20690207
RA		(10,436.66)	
AA		(194.68)	
BA		<u>61,180.59</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>21,341,180.87</u></u>	
TOTAL SALES VOLUME	1,744,147.0		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>1,744,147.0</u></u>		
 <b><u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u></b>			
SUPPLIER COST - CURRENT MONTH	1,744,147.0	26,512,588.00	15.20089075
UNRECOVERED PURCHASED GAS COST		(5,222,170.80)	
ROUNDING(ADD/(DEDUCT))		<u>19.75</u>	
TOTAL GAS COST IN REVENUE		<u><u>21,290,436.95</u></u>	
TOTAL GAS COST RECOVERY(GCR)		21,341,180.87	
LESS: RA		(10,436.66)	
BA		<u>61,180.59</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>                    </u>	
		<u><u>21,290,436.94</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		(5,222,170.80)	
LESS: AA		<u>(194.68)</u>	
MONTHLY COST DIFFERENCE		(5,221,976.12)	
EXTENDED MONTHLY COST DIFFERENCE		<u>(5,221,956.37)</u>	
ROUNDING		<u><u>19.75</u></u>	



## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: THE UNION LIGHT, HEAT AND POWER COMPANY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

JANUARY, 2006

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH JANUARY, 2006</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	1,467,780
Utility Production	MCF	0
Includable Propane	MCF	45
Other Volumes (Specify) - Previous Month Adj.	MCF	7,123
		<hr/>
TOTAL SUPPLY VOLUMES	MCF	1,474,948
		<hr/>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	16,872,761
Includable Propane	\$	193
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(20,483)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	0
		<hr/>
TOTAL SUPPLY COST	\$	16,852,471
		<hr/>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	1,826,255.8
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
		<hr/>
TOTAL SALES VOLUME	MCF	1,826,255.8
		<hr/>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	9.228
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	12.123
		<hr/>
DIFFERENCE	\$/MCF	(2.895)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	1,826,255.8
		<hr/>
MONTHLY COST DIFFERENCE	\$	(5,287,010.54)
		<hr/> <hr/>

## THE UNION LIGHT, HEAT AND POWER COMPANY

JANUARY, 2006

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	1,826,255.8	22,140,010.63	12.12317060
RA		(10,925.13)	
AA		(355.82)	
BA		<u>63,943.31</u>	
TOTAL GAS COST RECOVERY(GCR)		<u><u>22,192,672.99</u></u>	
TOTAL SALES VOLUME	1,826,255.8		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u><u>1,826,255.8</u></u>		

**PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY**

SUPPLIER COST - CURRENT MONTH	1,826,255.8	16,852,471.00	9.22788089
UNRECOVERED PURCHASED GAS COST		5,286,654.72	
ROUNDING(ADD/(DEDUCT))		<u>529.09</u>	
TOTAL GAS COST IN REVENUE		<u><u>22,139,654.81</u></u>	
TOTAL GAS COST RECOVERY(GCR)		22,192,672.99	
LESS: RA		(10,925.13)	
BA		<u>63,943.31</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u><u>22,139,654.81</u></u>	
UNRECOVERED PURCHASED GAS COST ENTRY		5,286,654.72	
LESS: AA		<u>(355.82)</u>	
MONTHLY COST DIFFERENCE		5,287,010.54	
EXTENDED MONTHLY COST DIFFERENCE		<u><u>5,287,539.63</u></u>	
ROUNDING		<u><u>529.09</u></u>	

**THE UNION LIGHT, HEAT AND POWER COMPANY**  
**DETERMINATION OF TOTAL SUPPLY COST**  
**MONTH OF FEBRUARY, 2006**

<u>DESCRIPTION</u>		<u>TOTAL AMOUNT ROUNDED</u>
<u>PRIMARY GAS SUPPLY COST</u>		\$
current month	15,520,565.45	
adjustments	(114,987.26)	
IT monthly charges entered by Gas Supply	(12,814.73)	
	<hr/>	15,392,763
 <u>LESS: RATE SCHEDULE CF CREDIT</u>		
current month	0.00	
adjustments	0.00	
	<hr/>	0
 <u>PLUS: INCLUDABLE PROPANE</u>		
a/c 728-3 Erlanger	6,401.95	6,402
 <u>LESS: X-5 TARIFF</u>	0.00	0
 <u>LESS CMT MANAGEMENT FEE</u>	20,483.00	(20,483)
 <u>LESS: TOP TRANSP. RECOVERIES</u>	0.00	0
 <u>LESS: GAS LOSSES - DAMAGED LINES</u>	0.00	0
 <u>LESS: GAS SOLD TO REMARKETERS</u>	0.00	
adjustments	0.00	
	<hr/>	0
 <u>LESS: GAS COST CREDIT</u>	0.00	0
 <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u>		
current month	0.00	
adjustments	0.00	
	<hr/>	0
 <b>TOTAL SUPPLY COSTS</b>		 <u><u>15,378,682</u></u>

ACCOUNTING ENTRY FOR DEFERRAL ONLY

	<u>AMOUNT</u>
ACCOUNT 191-40	(795,190.80)
ACCOUNT 805-10	795,190.80

## PURCHASED GAS ADJUSTMENT

## SCHEDULE III

COMPANY NAME: THE UNION LIGHT, HEAT AND POWER COMPANY

## ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

FEBRUARY, 2006

<u>PARTICULARS</u>	<u>UNIT</u>	<u>MONTH FEBRUARY, 2006</u>
<u>SUPPLY VOLUME PER BOOKS</u>		
Primary Gas Suppliers	MCF	1,676,623
Utility Production	MCF	0
Includable Propane	MCF	1,719
Other Volumes (Specify) - Previous Month Adj.	MCF	<u>(13,506)</u>
TOTAL SUPPLY VOLUMES	MCF	<u>1,664,836</u>
<u>SUPPLY COST PER BOOKS</u>		
Primary Gas Suppliers	\$	15,392,763
Includable Propane	\$	6,402
Other Cost (Specify) - Gas Cost Credit	\$	0
- Unacct'd for Transp.	\$	0
- CF Credit	\$	0
- X-5 Tariff	\$	0
- CMT Management Fee	\$	(20,483)
- Losses-Damaged Lines	\$	0
- Gas Sold to Remarketers	\$	0
- TOP Transp. Recoveries	\$	<u>0</u>
TOTAL SUPPLY COST	\$	<u>15,378,682</u>
<u>SALES VOLUMES</u>		
Jurisdictional	MCF	1,562,260.9
Non-Jurisdictional	MCF	
Other Volumes (Specify) -	MCF	
TOTAL SALES VOLUME	MCF	<u>1,562,260.9</u>
UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF)	\$/MCF	9.844
LESS: EGC IN EFFECT FOR MONTH	\$/MCF	<u>10.353</u>
DIFFERENCE	\$/MCF	(0.509)
TIMES: MONTHLY JURISDICTIONAL SALES	MCF	<u>1,562,260.9</u>
MONTHLY COST DIFFERENCE	\$	<u><u>(795,190.80)</u></u>

## THE UNION LIGHT, HEAT AND POWER COMPANY

FEBRUARY, 2006

	<u>Applied</u> <u>MCF Sales</u>	<u>Amount</u>	<u>\$/MCF</u>
<b><u>GAS FUEL ADJUSTMENT BILLED</u></b>			
EGC	1,562,260.9	16,173,622.12	10.35270237
RA		(9,360.72)	
AA		(844.03)	
BA		1,545.12	
		<u>16,164,962.49</u>	
TOTAL GAS COST RECOVERY(GCR)			
TOTAL SALES VOLUME	1,562,260.9		
LESS: NON-JURISDICTIONAL SALES	<u>0.0</u>		
JURISDICTIONAL SALES	<u>1,562,260.9</u>		

**PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY**

SUPPLIER COST - CURRENT MONTH	1,562,260.9	15,378,682.00	9.84386283
UNRECOVERED PURCHASED GAS COST		794,346.77	
ROUNDING(ADD/(DEDUCT))		<u>(250.68)</u>	
TOTAL GAS COST IN REVENUE		<u>16,172,778.09</u>	
TOTAL GAS COST RECOVERY(GCR)		16,164,962.49	
LESS: RA		(9,360.72)	
BA		<u>1,545.12</u>	
PLUS: COST OF NON-JURISDICTIONAL SALES		<u>16,172,778.09</u>	
UNRECOVERED PURCHASED GAS COST ENTRY		794,346.77	
LESS: AA		<u>(844.03)</u>	
MONTHLY COST DIFFERENCE		795,190.80	
EXTENDED MONTHLY COST DIFFERENCE		<u>794,940.12</u>	
ROUNDING		<u>(250.68)</u>	

DUKE ENERGY KENTUCKY  
SUMMARY OF GAS COST RECOVERY COMPONENTS  
BY BILLING CODE

MON/YR	BILLING CODE	ESTD. GAS COST \$	QUARTERLY RECONCILIATION ADJUSTMENT				QUARTERLY ACTUAL ADJUSTMENT				BALANCE ADJUSTMENT				TOTAL GCR FACTOR \$
			CURRENT	PREVIOUS	2ND PREV	3RD PREV	CURRENT	PREVIOUS	2ND PREV	3RD PREV	CURRENT	PREVIOUS	2ND PREV	3RD PREV	
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Jan-05	015	7.611	0.000	(0.001)	0.000	0.000	(0.045)	(0.320)	0.144	0.347	(0.013)	0.023	(0.041)	0.031	7.736
Feb-05	035	7.277	0.000	(0.001)	0.000	0.000	(0.045)	(0.320)	0.144	0.347	(0.013)	0.023	(0.041)	0.031	7.402
Mar-05	045	7.305	0.000	0.000	(0.001)	0.000	0.362	(0.045)	(0.320)	0.144	(0.004)	(0.013)	0.023	(0.041)	7.410
Apr-05	065	7.941	0.000	0.000	(0.001)	0.000	0.362	(0.045)	(0.320)	0.144	(0.004)	(0.013)	0.023	(0.041)	8.046
May-05	075	8.193	0.000	0.000	(0.001)	0.000	0.362	(0.045)	(0.320)	0.144	(0.004)	(0.013)	0.023	(0.041)	8.298
Jun-05	085	7.764	(0.002)	0.000	0.000	(0.001)	0.070	0.362	(0.045)	(0.320)	0.052	(0.004)	(0.013)	0.023	7.886
Jul-05	105	8.015	(0.002)	0.000	0.000	(0.001)	0.070	0.362	(0.045)	(0.320)	0.052	(0.004)	(0.013)	0.023	8.137
Aug-05	115	8.389	(0.002)	0.000	0.000	(0.001)	0.070	0.362	(0.045)	(0.320)	0.052	(0.004)	(0.013)	0.023	8.511
Sep-05	125	9.339	(0.004)	(0.002)	0.000	0.000	(0.420)	0.070	0.362	(0.045)	0.010	0.052	(0.004)	(0.013)	9.345
Oct-05	145	11.591	(0.004)	(0.002)	0.000	0.000	(0.420)	0.070	0.362	(0.045)	0.010	0.052	(0.004)	(0.013)	11.597
Nov-05	155	13.010	(0.004)	(0.002)	0.000	0.000	(0.420)	0.070	0.362	(0.045)	0.010	0.052	(0.004)	(0.013)	13.016
Dec-05	165	12.219	0.000	(0.004)	(0.002)	0.000	(0.013)	(0.420)	0.070	0.362	(0.023)	0.010	0.052	(0.004)	12.247
Jan-06	016	12.135	0.000	(0.004)	(0.002)	0.000	(0.013)	(0.420)	0.070	0.362	(0.023)	0.010	0.052	(0.004)	12.163
Feb-06	016	10.308	0.000	(0.004)	(0.002)	0.000	(0.013)	(0.420)	0.070	0.362	(0.023)	0.010	0.052	(0.004)	10.336